Waiver of interest rates of States

2184. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) the names of States whose requests for reduction/waiving of interest rates are pending with the Central Government at present; and

(b) the status of requests in each case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Out of the sixteen States that have enacted their Fiscal Responsibility and Budget Management Act (FRBMA), claims of three States for debt consolidation, resulting, *inter alia,* in reduced interest rate of 7.5%, have been recommended by the Central Monitoring Committee, set up for this purpose. For the reamining thirteen State Governments, namely Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Manipur, Orissa, Rajasthan, Tamil Nadu, Tripura and Uttar Pradesh the status of FRBMA in regard to conditions laid down by TFC to become eligible for debt consolidation facility is being examined for placement before the Committee for their recommendation.

Collection of loans with compound interest from small entrepreneurs

2185. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government have asked banks to collect loans with compound interest from small entrepreneurs;

(b) whether it is a fact that Government have urged banks to collect their loans without any concessions in matter of interest;

(c) to what extent does Government apply these standards to itself;

(d) whether Government would honour debts to small entrepreneurs when it holds their funds; and

(e) if not, steps proposed to implement proper policies by Government?